THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Fiscal consolidation is an important objective of the National Common Minimum Programme of the Government. Prime Minister has on various occasions reiterated the need for fiscal prudence and macro-economic stability.

(b) The data on fiscal deficit of the Centre and States, and the combined deficit is given below:

**Fiscal Deficit (as per cent of GDP)**

| | 2002-03 | 2003-04 | 2004-05 (RE) | 2005-06 (BE) |
|---|---|---|---|---|
| Centre | 5.9 | 4.5 | 4.5 | 4.3 |
| States | 4.1 | 4.4 | 3.8 | 3.1 |
| Combined | 9.5 | 8.4 | 8.3 | 7.7 |

*RE — Revised Estimates, BE — Budget Estimates*
*Data in respect of States are provisional from* 2003-04 *onwards*
*Source : Reserve Bank of India.*

As is evident from the above, fiscal deficit has come down.

(c) Sustaining fiscal consolidation is a continuous process, which includes measures for increasing the revenue receipts (both tax and non-tax) achieving moderation in expenditure, particularly non-plan expenditure and adherence to the specified targets of fiscal responsibility legislations by the Centre and States.

**Implementation of VAT**

1429. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) what are the names of States/UTs which have adopted the new system of VAT as recommended by the Empowered Committee;

(b) whether some States/UTs have not so far published the schedule on VAT in leading newspapers; and

(c) if so, the reasons therefor and steps being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) So far, 24 States/UTs have adopted VAT.

These are Andhra Pradesh, Assam, Arunachal Pradesh, Bihar, Dadra & Nagar Haveli, Daman & Diu, NCT of Delhi, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttaranchal and West Bengal.

(b) and (c) The Schedules of VAT rates are part of the VAT Law of each State and as per legal requirement, every State has notified the VAT Law (including the VAT rate Schedules) in the Official Gazette for general public information. Further, in order to give wide publicity, a number of States have also published the same in newspapers and have also put the details on their websites. The States have also got the salient features of VAT Law (including the VAT rate Schedules) printed in the form of booklets and circulated the same to the dealers and for general public information. Some States have also public the same through electronic media.

**Increase in interest rates on credit**

†1430. SHRIMATI MAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to increase the interest rates by changing the existing credit and monetary policy for some sectors with a view to control inflation;

(b) if so, the details thereof; and

(c) the names of the sectors in which interest rates on credits are being proposed to be increased?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) As lending rates have been deregulated by the Reserve Bank of India, banks are free to set their lending rates for advances based on factors such as cost of funds and other relevant business considerations.

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†Original notice of the question was received in Hindi.